

House File 2712 - Enrolled

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1 1 HOUSE FILE 2712
1 2
1 3 AN ACT
1 4 ESTABLISHING A DEFERRED RETIREMENT OPTION PLAN FOR MEMBERS OF
1 5 THE STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM AND INCLUDING
1 6 AN IMPLEMENTATION PROVISION.
1 7
1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 9
1 10 Section 1. NEW SECTION. 411.6C DEFERRED RETIREMENT
1 11 OPTION PLAN.
1 12 1. For purposes of this section, unless the context
1 13 otherwise requires:
1 14 a. "Applicable percentage" means that percentage, not
1 15 greater than one hundred percentage points, equal to fifty=two
1 16 percentage points plus two percentage points for each month
1 17 for the period between the eligible member's plan eligibility
1 18 month and the month the eligible member commences membership
1 19 in the plan.
1 20 b. "Drop benefit" means, for a participant, an amount
1 21 credited to the participant's account each applicable month
1 22 equal to the member's applicable percentage multiplied by the
1 23 member's participant retirement amount.
1 24 c. "Eligible member" means a member who has attained
1 25 fifty=five years of age with at least twenty=two years of
1 26 membership service.
1 27 d. "Participant account" means an administrative record
1 28 maintained by the system reflecting the participant's
1 29 accumulated drop benefit.
1 30 e. "Participant retirement amount" means the amount equal
1 31 to the monthly retirement allowance the eligible member would
1 32 have received under section 411.6 if the member retired on the
1 33 date the eligible member commenced participation in the plan,
1 34 based on earnings through the previous full quarter of
1 35 earnable compensation earned by the member.
2 1 f. "Plan" means the deferred retirement option plan
2 2 established by this section.
2 3 g. "Plan eligibility month" means the first full calendar
2 4 month in which the participant is an eligible member.
2 5 2. a. An eligible member may elect to participate in the
2 6 deferred retirement option plan as provided in this section.
2 7 A decision by an eligible member to participate in the plan is
2 8 irrevocable. Upon commencing membership in the plan, the
2 9 member shall remain an active member of the system and shall
2 10 have credited to a participant account on behalf of the member
2 11 from the fire and police retirement fund for each month the
2 12 member participates in the plan the member's drop benefit.
2 13 The amounts credited shall be invested by the system in risk=
2 14 free assets of a short=term nature and interest and earnings
2 15 shall not be credited to the member's participant account but
2 16 shall remain with the fire and police retirement fund
2 17 established in section 411.8. In addition, the annual
2 18 readjustment of pensions under section 411.6, subsection 12,
2 19 shall not apply to a participant's drop benefit or to amounts
2 20 credited to the member's participant account.
2 21 b. Upon termination of an eligible member's participation
2 22 in the plan, the eligible member shall be deemed to be retired
2 23 under the system as of that date for purposes of the system
2 24 and shall begin receiving a retirement allowance equal to the
2 25 member's participant retirement amount or such optional
2 26 retirement benefits, based upon that amount, pursuant to
2 27 section 411.6A. In addition, the eligible member shall
2 28 receive the moneys credited to the member's participant
2 29 account while participating in the plan. The eligible member
2 30 shall select, upon written application to the system, whether
2 31 to receive the amount in the member's participant account in
2 32 the form of a lump sum distribution or as a rollover to an
2 33 eligible retirement plan as defined in section 411.6B.
2 34 c. If an eligible member terminates participation in the
2 35 plan prior to the date selected by the member upon commencing
3 1 membership in the plan and the termination is not due to the
3 2 death or disability of the member under this chapter, then the
3 3 system shall assess a twenty=five percent penalty on the

3 4 amount credited to the member's participant account prior to
3 5 distributing the amount to the member. The penalty amount
3 6 shall be transferred to and remain with the fire and police
3 7 retirement fund.

3 8 3. To participate in the plan, an eligible member shall
3 9 make written application to the system. The application shall
3 10 include the following:

3 11 a. The month the eligible member intends to commence
3 12 participation in the plan.

3 13 b. The eligible member's selection of a plan termination
3 14 date. The plan termination date shall be either three, four,
3 15 or five years after the date the eligible member commences
3 16 membership in the plan. However, for the two-year period
3 17 beginning with the first of the month following the
3 18 implementation date of this section, an eligible member
3 19 between sixty-two and sixty-four years of age may also select
3 20 a plan termination date that is one or two years after the
3 21 date the eligible member commences membership in the plan.

3 22 4. Participation in the plan by an eligible member does
3 23 not guarantee continued employment. Contributions required
3 24 from members and participating cities shall continue based on
3 25 the earnable compensation of an eligible member participating
3 26 in the plan. However, contributions made while an eligible
3 27 member participates in the plan shall remain with the
3 28 retirement fund and shall not be subject to a withdrawal of
3 29 contributions under section 411.23.

3 30 5. The system's actuary, while making the annual valuation
3 31 of the assets and liabilities of the fire and police
3 32 retirement fund, shall determine whether establishment and
3 33 operation of the plan created in this section has resulted in
3 34 an increased actuarial cost to the system. If the actuary
3 35 determines that the plan has resulted in an increased
4 1 actuarial cost to the system, then, notwithstanding any
4 2 provision of section 411.8 to the contrary, the system shall
4 3 increase the members' contribution rate as necessary to cover
4 4 the increased cost of the plan created in this section.

4 5 6. This section shall not be implemented until the system
4 6 has received a favorable ruling from the internal revenue
4 7 service regarding the plan as provided in this section. Upon
4 8 receiving the favorable ruling, the board shall establish the
4 9 implementation date of the plan.

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4 13 _____
4 14 CHRISTOPHER C. RANTS
4 15 Speaker of the House

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4 18 _____
4 19 JEFFREY M. LAMBERTI
4 20 President of the Senate

4 21 I hereby certify that this bill originated in the House and
4 22 is known as House File 2712, Eighty-first General Assembly.

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4 26 _____
4 27 MARGARET THOMSON
4 28 Chief Clerk of the House

4 29 Approved _____, 2006

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4 32 _____
4 33 THOMAS J. VILSACK
4 34 Governor